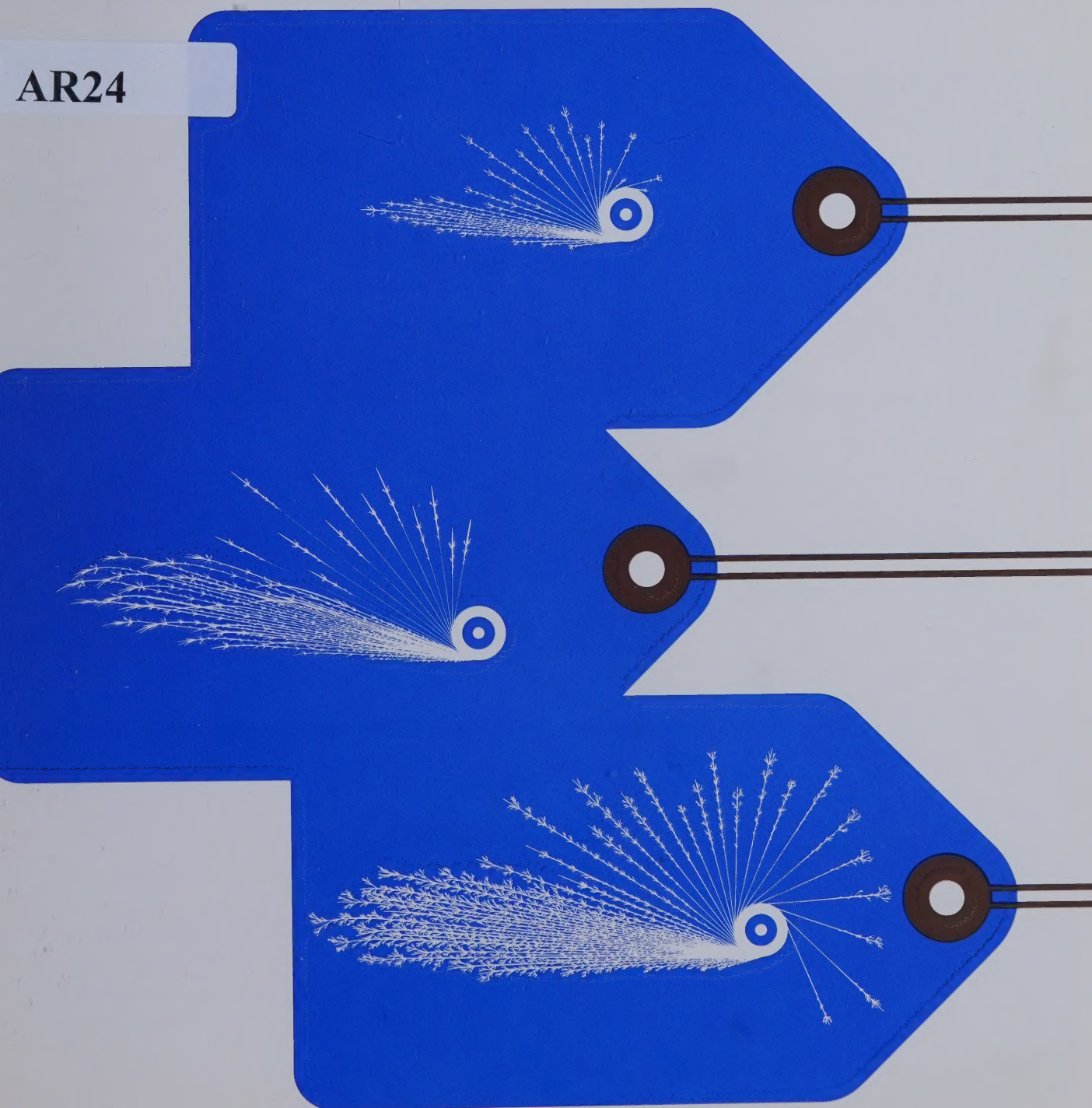


AR24



ON THE COVER: The wide range of Tool and Die Steels supplied by Teledyne Canada Vascan Alloys requires constant surveillance to ensure product quality is maintained. The spark testing illustrated is one means of double checking the quantities of the various alloying elements present to meet the required steel specifications. The elements in the steel indicated by the variation in the sparks are carbon, manganese, silicon, chromium, molybdenum, tungsten, and vanadium.

BOARD OF DIRECTORS

E. M. Brown
D. S. McCann
W. W. Smallman
R. A. Eagleson, Q.C.
J. B. Regan
R. C. Pinnock

OFFICERS

E. M. Brown, Chairman
D. S. McCann, President
C. E. Rinsch, Treasurer
C. T. Loughrin, Secretary
R. J. Gamble, Assistant Secretary
H. Kalsbeek, Assistant Secretary
R. C. Pinnock, Assistant Treasurer

TRANSFER AGENT AND REGISTRAR

Montreal Trust Company
15 King Street West
Toronto, Ontario

CORPORATE OFFICE

15 Brydon Drive
Rexdale, Ontario

AR24

TELEDYNE CANADA LIMITED

2ND QUARTER REPORT 1977

2



TO OUR SHAREHOLDERS:

Net income for the six month period ended June 30, 1977 was \$934,000 on sales of \$14,670,000 compared with \$757,000 on sales of \$12,138,000 for the first half of 1976.

Earnings per share for the six months ended June 30, 1977 were 44 cents on 2,136,340 average shares outstanding versus 36 cents on 2,130,107 shares during the same period a year ago.

In the first half sales and earnings continued to improve primarily as a result of our manufacturing operations.

Subsequent to the end of the six month period, the Board of Directors approved a cash dividend of 10 cents per share for the three month period ended June 30, 1977, payable September 21, 1977, to shareholders of record August 12, 1977. In addition, the Board of Directors has also approved a special dividend of 24 cents per share with the same record and payment dates that apply to the quarterly dividend.



D. S. McCann
President

ON THE COVER: The stack on the cupola furnace at Teledyne Canada Thor Foundry is being equipped with the latest pollution control equipment to meet the strict environmental regulations for emission controls. The new system uses limestone as a solid particle scrubber and was developed by the Canadian Government National Research Council.

TELEDYNE CANADA, LIMITED AND SUBSIDIARY COMPANIES

Consolidated Statements of Income

for the six months ended June 30 (unaudited)

	1977	1976
Revenue	\$14,670,000	\$12,138,000
Costs and Expenses:		
Operating Costs	12,468,000	10,241,000
Depreciation & Amortization	476,000	488,000
	12,944,000	10,729,000
Income Before Income Taxes	1,726,000	1,409,000
Income Taxes	792,000	652,000
Net Income	\$ 934,000	\$ 757,000
Average Number of Shares Outstanding	2,136,340	2,130,107
Earnings Per Share	\$0.44	\$0.36

Consolidated Statements of Changes in Financial Position

for the six months ended June 30 (unaudited)

	1977	1976
Source of Funds:		
Net Income	\$ 934,000	\$ 757,000
Add Depreciation & Amortization	476,000	488,000
	1,410,000	1,245,000
Issue of Capital Stock for Cash	17,000	8,000
Disposal of Property and Equipment	17,000	130,000
	1,444,000	1,383,000
Application of Funds:		
Purchase of Property and Equipment	178,000	511,000
Payment of Dividends	427,000	426,000
Purchase of Subsidiary, less \$333,000 of working capital acquired	567,000	—
Decrease in Long-Term Debt	19,000	14,000
	1,191,000	951,000
Increase in Working Capital	\$ 253,000	\$ 432,000

Highlights from Annual Reports of Teledyne Canada, Limited *for the 12-month periods ended*

	<i>December 1976</i>	<i>December 1975</i>	<i>December 1974</i>	<i>October 1973</i>
OPERATING RESULTS				
Revenues	\$24,346,000	\$23,613,000	\$23,985,000	\$18,897,000
Income Before Taxes	2,373,000	3,378,000	3,537,000	2,837,000
Provision for Income Taxes	1,016,000	1,500,000	1,541,000	1,357,000
Net Income	1,357,000	1,878,000	1,996,000	1,585,000
Net Income per share	64¢	88¢	94¢	75¢
FINANCIAL POSITION				
Total Assets	16,565,000	16,947,000	15,396,000	14,108,000
Shareholders' Equity	12,850,000	12,746,000	11,855,000	10,904,000
GENERAL STATISTICS				
Average number of shares outstanding	2,131,875	2,128,092	2,123,651	2,117,086
Number of employees	516	474	600	589
Number of facilities	14	15	17	17
Square footage of facilities	219,000	222,000	238,000	253,000

The figures in this table are taken from previous annual reports.

The 1973 net income includes extraordinary item of \$105,000. Net income per share is based on the average number of shares outstanding during each year.

Letter To Shareholders:

The Board of Directors is pleased to present the Annual Report of Teledyne Canada, Limited for the fiscal period ending December 31, 1976.

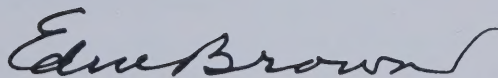
Teledyne Canada had earnings of \$0.64 per share for the twelve months ended December 31, 1976 compared to \$0.88 per share for the twelve months ended December 31, 1975. Net income for the twelve months in 1976 was \$1,357,000 and sales were \$24,346,000 compared to net income of \$1,878,000 and sales of \$23,613,000 in 1975.

Teledyne Canada achieved record sales during the year but because of severe competition in the areas of industry serviced by Teledyne Canada Companies, profit margins were reduced with the resultant decline in earnings.

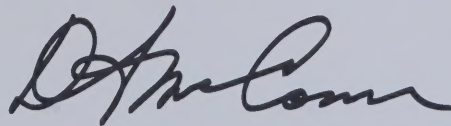
During the year negotiations were commenced to purchase Thor Foundry Limited of Winnipeg, Manitoba, requiring the approval of the Foreign Investment Review Agency. Following the necessary approval, the purchase was completed effective January 1, 1977. The Thor Foundry produces a variety of grey iron castings and will complement the production facility of Bell Foundry Co. Ltd. subsidiary which specializes in ductile iron castings.

The Board of Directors has approved a cash dividend of \$0.10 per share for the three month period ended December 31, 1976, payable on March 21, 1977 to shareholders of record February 11, 1977.

On Behalf of the Board,

A handwritten signature in cursive script, reading "E. M. Brown".

E. M. BROWN
Chairman

A handwritten signature in cursive script, reading "D. S. McCann".

D. S. McCANN
President

TELEDYNE CANADA, LIMITED AND SUBSIDIARIES

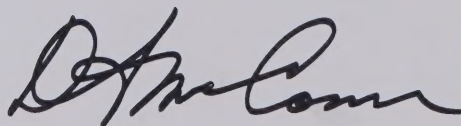
Consolidated Balance Sheets *December 31, 1976 and 1975*

ASSETS	1976	1975
Current Assets:		
Cash	\$ 790,000	\$ 757,000
Short-term investments, at cost which approximates market	4,191,000	4,887,000
Receivables	2,884,000	2,551,000
Inventories	2,156,000	1,755,000
Prepaid expenses	131,000	115,000
Total current assets	<u>10,152,000</u>	<u>10,065,000</u>
Property and Equipment, at cost:		
Land	301,000	350,000
Buildings	2,348,000	2,331,000
Equipment	10,022,000	10,242,000
	<u>12,671,000</u>	<u>12,923,000</u>
Less: Accumulated depreciation	7,900,000	7,683,000
	<u>4,771,000</u>	<u>5,240,000</u>
Other Assets:		
Cost in excess of net assets of purchased businesses	1,547,000	1,547,000
Other	95,000	95,000
	<u>1,642,000</u>	<u>1,642,000</u>
	<u><u>\$16,565,000</u></u>	<u><u>\$16,947,000</u></u>

Approved on behalf of the Board:



W. W. Smallman, Director



D. S. McCann, President

LIABILITIES

1976

1975

Current Liabilities:

Accounts payable and accrued liabilities	\$ 2,309,000	\$ 1,673,000
Payable to affiliated companies	439,000	151,000
Income taxes	149,000	1,474,000
Current portion of long-term debt	30,000	31,000
Total current liabilities	<u>2,927,000</u>	<u>3,329,000</u>

Long-Term Debt (Note 2)	<u>79,000</u>	<u>109,000</u>
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Deferred Income Taxes	<u>709,000</u>	<u>763,000</u>
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Shareholders' Equity:

Capital stock (Note 3) —

Authorized — 5,000,000 shares, no par value

Issued and outstanding — 2,134,549 shares in 1976 and 2,129,085 in 1975	4,330,000	4,304,000
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Contributed surplus	86,000	86,000
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Retained earnings (Note 4)	8,434,000	8,356,000
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Total shareholders' equity	<u>12,850,000</u>	<u>12,746,000</u>
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	<u>\$16,565,000</u>	<u>\$16,947,000</u>
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The accompanying notes are an integral part of these balance sheets.

Auditors' Report

To the Shareholders of Teledyne Canada, Limited:

We have examined the consolidated balance sheets of TELEDYNE CANADA, LIMITED (an Ontario corporation and subsidiary of Teledyne, Inc.) AND SUBSIDIARIES as of December 31, 1976 and 1975, and the related consolidated statements of income, retained earnings and changes in financial position for the years then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated financial statements present fairly the financial position of Teledyne Canada, Limited and Subsidiaries as of December 31, 1976 and 1975, and the results of their operations and the changes in their financial position for the years then ended, in accordance with generally accepted accounting principles consistently applied during the periods.

Toronto,
January 17, 1977.

ARTHUR ANDERSEN & CO.
Chartered Accountants

TELEDYNE CANADA, LIMITED AND SUBSIDIARIES

Consolidated Statements of Income *For The Years Ended December 31, 1976 and 1975*

	1976	1975
Revenue (Note 6)	\$24,346,000	\$23,613,000
Costs and Expenses:		
Operating costs	19,860,000	18,134,000
Selling and administrative expenses	2,518,000	2,385,000
Interest on long-term debt	13,000	9,000
Interest income	(418,000)	(293,000)
	21,973,000	20,235,000
Income before provision for income taxes	2,373,000	3,378,000
Provision for Income Taxes	1,016,000	1,500,000
Net income	\$ 1,357,000	\$ 1,878,000
Earnings Per Share (based on average outstanding shares).....	\$0.64	\$0.88

Consolidated Statements of Retained Earnings *For The Years Ended December 31, 1976 and 1975*

	1976	1975
Balance , beginning of year.....	\$8,356,000	\$7,478,000
Add (deduct):		
Net income	1,357,000	1,878,000
Dividends paid — \$0.60 per share in 1976 and \$0.47 in 1975	(1,279,000)	(1,000,000)
Balance , end of year.....	\$8,434,000	\$8,356,000

The accompanying notes are an integral part of these statements.

Consolidated Statements of Changes in Financial Position *For The Years Ended December 31, 1976 and 1975*

	1976	1975
Source of Funds:		
Net income	\$1,357,000	\$1,878,000
Add (deduct) non cash items —		
Depreciation	974,000	974,000
Deferred income taxes	(54,000)	(113,000)
Funds provided from operations	2,277,000	2,739,000
Disposition of property and equipment	170,000	480,000
Issuance of capital stock for employees' stock purchase and option plans	26,000	13,000
Other	—	31,000
	<u>2,473,000</u>	<u>3,263,000</u>
Application of Funds:		
Purchase of property and equipment	675,000	1,320,000
Decrease (increase) in long-term debt	30,000	(75,000)
Payment of dividends	1,279,000	1,000,000
	<u>1,984,000</u>	<u>2,245,000</u>
Increase in working capital	<u>\$ 489,000</u>	<u>\$1,018,000</u>
Working Capital Increase (Decrease):		
Cash	\$ 33,000	\$ 218,000
Short-term investments	(696,000)	2,064,000
Receivables	333,000	(310,000)
Inventories	401,000	(232,000)
Prepaid expenses	16,000	(24,000)
Accounts payable and accrued liabilities	(636,000)	252,000
Payable to affiliated companies	(288,000)	48,000
Income taxes	1,325,000	(971,000)
Current portion of long-term debt	1,000	(27,000)
Increase in working capital	<u>\$ 489,000</u>	<u>\$1,018,000</u>

The accompanying notes are an integral part of these statements.

Notes to Consolidated Financial Statements *December 31, 1976 and 1975*

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation: The consolidated financial statements include the accounts of the Company and its subsidiaries, all of which are wholly-owned. All significant intercompany transactions and balances have been eliminated. Cost in excess of net assets of purchased businesses relates to businesses purchased prior to April 1, 1974 and is not being amortized.

Inventories: Inventories are stated at the lower of cost (first-in, first-out) or net realizable value. Sales and related costs are recorded as products are delivered and as services are performed. Any foreseeable losses are charged to income when determined.

Depreciation: Transportation equipment is depreciated on a straight-line basis over estimated useful lives of four to five years. Other property and equipment is depreciated on a declining balance basis over the estimated useful lives, generally 40 years for buildings and 10 years for equipment.

Pension Plan: The Company and its subsidiaries have pension plans available to all of their employees. At December 31, 1976, there was no unfunded liability in these pension plans.

Income Taxes: Deferred income taxes are provided where depreciation claimed for income tax purposes is greater than that which is recorded in the accounts.

2. LONG-TERM DEBT

	1976	1975
7% Mortgage, repayable to 1981, secured by related property	\$ 29,000	\$ 34,000
Conditional sales contracts at prime interest plus 1½ % repayable to 1979, secured by related equipment	80,000	106,000
	109,000	140,000
Less current portion	30,000	31,000
	<u>\$ 79,000</u>	<u>\$109,000</u>

3. CAPITAL STOCK

At December 31, 1976, 26,416 shares of capital stock were reserved for issuance to employees under a stock purchase plan which expires in December, 1979. Under this plan, 3,464 shares were issued in 1976 and 2,824 shares were issued in 1975. The amounts received were \$19,000 in 1976 and \$13,000 in 1975.

During 1976, options were granted to certain employees under an Employees' Stock Option Plan to purchase 10,000 shares at \$5.25 per share at any time prior to November, 1981. None of these options were exercised in 1976. At December 31, 1976, an additional 16,300 shares were reserved for the granting of additional options. Options to purchase 2,000 shares at \$3.75 per share were exercised in 1976, under options granted in previous years. No options were exercised in 1975.

4. ANTI-INFLATION ACT

The Company is subject to the Anti-Inflation Act and related Regulations which provide for the restraint of prices, profit margins, dividends and compensation. In the opinion of management, the Company has complied with the legislation and no material unrecorded or contingent liability exists at December 31, 1976.

Under the Regulations, dividends are restricted during the second compliance period ending October 13, 1977 to a maximum of approximately \$0.64 per share, of which \$0.10 has been paid during the period from October 14, 1976 to December 31, 1976.

5. LEASE COMMITMENTS

At December 31, 1976, lease commitments for premises and equipment, expiring at various dates through 1982, aggregated \$1,806,000 including \$651,000 due in 1977.

6. REVENUE

Revenue was divided in the following proportions:

	1976	1975
Service	43%	37%
Manufacturing and Sales	57%	63%

7. STATUTORY INFORMATION

Remuneration of directors and senior officers as defined under the Ontario Business Corporations Act, amounted to \$347,000 in 1976 and \$378,000 in 1975.

8. SUBSEQUENT EVENTS

On January 19, 1977, the Board of Directors declared a cash dividend of \$0.10 per share, payable on March 21, 1977, to shareholders of record on February 11, 1977.

Effective January 1, 1977, Thor Foundry Limited, Winnipeg, Manitoba was purchased by Bell Foundry Co. Ltd., a subsidiary of Teledyne Canada, Limited for less than \$1,000,000 in cash.

Teledyne Canada provides Canadian industry with specialized products and services from the following divisions:

TELEDYNE CANADA BELL FOUNDRY, Winnipeg, Manitoba.

Products: Ductile iron castings.

TELEDYNE CANADA THOR FOUNDRY, Winnipeg, Manitoba.

Products: Grey iron castings.

TELEDYNE CANADA FIRTH STERLING, Brantford, Ontario.

Products: Tungsten carbide sintered metal.

TELEDYNE CANADA HARFAC, Toronto, Ontario and Vancouver, British Columbia.

Products: Hardfacing welding wire, welding rod and accessories.

TELEDYNE CANADA METAL PRODUCTS, Woodstock, Ontario.

Products: Sheet metal fabricated units.

TELEDYNE CANADA MINING PRODUCTS, Thornbury and Sudbury, Ontario and Vancouver, British Columbia.

Products: Rock drilling equipment, air and hydraulic cylinders, Mercedes-Benz Unimog diesel tractors and allied underground mining equipment.

TELEDYNE CANADA TRANSPORT GROUP, Tank Truck Transport and

Lou's Transport Co. Ltd. with terminals in Ontario and Quebec providing liquid chemical and dry bulk transport services.

TELEDYNE CANADA VASCAN ALLOYS, Toronto, Ontario.

Products: Tool steels, die steels, stainless steels and high temperature alloys.

Board of Directors

E. M. BROWN

D. S. McCANN

W. W. SMALLMAN

J. B. REGAN

R. C. PINNOCK

Officers

E. M. BROWN, *Chairman*

D. S. McCANN, *President*

C. E. RINSCH, *Treasurer*

C. T. LOUGHRIN, *Secretary*

R. J. GAMBLE, *Assistant Secretary*

H. KALSBECK, *Assistant Secretary*

R. C. PINNOCK, *Assistant Treasurer*

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